ABSTRACT OF THE INVENTION

A system and method for processing electronic claims ("e-claims") for employee benefits program is disclosed. A debit card transaction for an e-claim is automatically detected. By auditing the e-claim and receipts associated with the e-claim, a determination is made as to whether the transaction is an eligible claim that can be reimbursed. If the e-claim is not eligible for payment, the system and method of the present invention automatically tracks and sends notification to the participant to pay back the money. If the participant does not pay back after a number of requests, his debit card is automatically deactivated. Further, as soon as the e-claim is detected, the system and method automatically makes a request to the participant to send in the receipt associated with the e-claim for auditing if the receipt was not received previously. If the receipt is not received within a predetermined amount of time, the participant's debit card for making e-claims is automatically deactivated.